

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STRE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05  
CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01  
SP-02 FEAE-00 OMB-01 /106 W  
----- 043392 /44

R 171348Z DEC 76  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 8075  
INFO ALL EC CAPITALS 0266  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USDEL MTN GENEVA  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 37313

PLS PASS STR

E.O. 11652: GDS  
TAGS: ETRD, EEC, FR  
SUBJECT: FRENCH TRADE POLICY

REF: PARIS 36418

SUMMARY: FRENCH POLICY TO DEAL WITH A SERIOUS TRADE  
IMBALANCE AND PROTECTIONIST PRESSURES CONSISTS OF A  
COMBINATION OF AUSTERITY, STABILIZATION OF THE FRANC,  
ECONOMY OF ENERGY CONSUMPTION, AND INTERNATIONAL  
ACTION RE TEXTILES, STEEL, AND SHIPBUILDING PROBLEMS.  
REINVIGORATION OF THE MTN IS AN IMPORTANT CURRENT  
OBJECTIVE. MEASURES OF A GENERAL NATURE TO RESTRAIN  
IMPORTS ARE NOT ANTICIPATED. END SUMMARY.

1. AT THE PRIME MINISTER'S COMMITTEE FOR EUROPEAN  
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ECONOMIC COOPERATION WE WERE TOLD BY YVES COUSIN THAT  
NO NEW TRADE RESTRICTIONS ARE ENVISAGED. FRANCE IS  
CONCERNED ABOUT THE RECENT DETERIORATION IN THE CLIMATE.  
CONTINUED ECONOMIC SLUGGISHNESS AND NEW PRESSURES FROM  
FRENCH INDUSTRY ARE QUITE STRONG. THESE PRESSURES  
SHOWED UP CLEARLY AT DISCUSSIONS OF TRADE POLICY BY

THE ECONOMIC AND SOCIAL COUNCIL. THE FRENCH PARLIAMENT INTENDS TO TAKE A MORE ACTIVE INTEREST IN THE MTN AND THE GOF WISHES TO SEE THE MTN COME ALIVE IN 1977, HOPING NEGOTIATIONS CAN BE COMPLETED BY YEAR END. COUSIN MADE THE USUAL COMPLAINTS ABOUT "UNJUSTIFIED" U.S. QUOTAS ON SPECIALTY STEEL AND ABOUT COGNAC. ON THE LATTER ITEM, HIGH-RANKING OFFICIALS WERE UPSET BECAUSE THE U.S. DECISION CREATED INTERNAL PROBLEMS FOR THE GOVERNMENT WHICH IT DID NOT NEED RIGHT NOW. THERE WAS ALSO STRONG RESENTMENT BECAUSE FRENCH PURCHASES OF U.S. AGRICULTURAL PRODUCTS INCREASED SIGNIFICANTLY THIS YEAR. COUSIN ALSO AIRED COMPLAINTS ABOUT THE CONCLUSIONS OF THE GATT PANEL WHICH "UNFAIRLY" LINKED DISC WITH EUROPEAN TAX PRACTICES. CANADIAN PROTECTION FOR TEXTILES AND JAPANESE AGGRESSIVENESS IN THE STEEL TRADE WERE ALSO MENTIONED. DESPITE THIS UNFAVORABLE CLIMATE, WE ARE TOLD THE GOF WILL HOLD THE LINE. AN IMPORTANT PART OF THIS POLICY WILL BE TO ENCOURAGE PROGRESS IN THE MTN, EVEN THOUGH FRANCE HAS LIMITED AIMS. THE GOF HOPES A TNC MEETING CAN BE SCHEDULED FOR SOMETIME IN MARCH AND THEY HOPE THE NEW U.S. ADMINISTRATION WILL BE IN A POSITION TO TAKE NEW INITIATIVES AT GENEVA.

2. THE DIRECTOR OF TRADE MINISTER ROSSI'S CABINET, PIERRE ACHARD, ASSURED US THAT THE GOF PREFERS TO APPROACH ITS TRADE BALANCE PROBLEM THROUGH GENERAL ECONOMIC POLICY. EXPORTS ARE DOING WELL, WHILE IMPORTS ARE GROWING TOO RAPIDLY. THE ANSWER IS TO CONFIDENTIAL

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PURSUOE ECONOMIC STABILIZATION, ECONOMIZE ON ENERGY (NEW POLICIES ARE TO BE ANNOUNCED DECEMBER 16 OR 17) AND ATTEMPT TO FIND INTERNATIONAL SOLUTIONS FOR PROBLEM SECTORS. GENERAL MEASURES AFFECTING IMPORTS WOULD BE SELF-DEFEATING AND WOULD IN THE FIRST INSTANCE WEAKEN THE FRANC CONTRARY TO THE PRIME MINISTER'S DETERMINATION TO STABILIZE THE RATE. ON TEXTILES, HE SAID THE FRENCH POSITION FOR THE FEBRUARY MEETING ON MULTIFIBRE AGREEMENT IS NOT YET DECIDED. HE EXPECTED FRANCE AND "THEREFORE" THE EC TO TAKE A TOUGH POSITION AGAINST RENEWAL OF THE PRESENT AGREEMENT WITHOUT SUBSTANTIAL CHANGES. HIS MAIN POINT WAS THAT THE GOF WOULD ACT IN THE GENEVA CONTEXT, NOT UNILATERALLY. THE GOVERNMENT WOULD TAKE INTERNAL MEASURES TO AID SHIPBUILDING AND USE PERSUASION WITH REGARD TO OTHER PROBLEMS SUCH AS STEEL, BUT RESTRUCTURING OF THESE SECTORS IS A NECESSITY. HE SAID ROSSI WOULD LIKE TO VISIT THE

UNITED STATES PRIOR TO THE TNC MEETING, THAT IS  
BETWEEN MID-FEBRUARY AND EARLY MARCH. WE AGREED TO  
DISCUSS THE MATTER FURTHER AFTER JANUARY 20.

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----- 043409 /44

R 171348Z DEC 76  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 8076  
INFO ALL EC CAPITALS 0267  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USDEL MTN GENEVA  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 37313

3. AT THE FOREIGN ECONOMIC RELATIONS DEPARTMENT  
(DREE) A SENIOR OFFICIAL (PREVEL) EXPLAINED HE WAS  
GEARING UP FOR A MORE ACTIVE ROLE IN THE MTN. JEAN  
CLAUDE PREVEL HAS REPLACED CLAUDE COLLIN AS DIRECTOR  
FOR MULTILATERAL AFFAIRS. HE HAS THREE DIVISIONS  
WORKING ON MTN ISSUES (AGRICULTURE, INDUSTRY, AND  
LDCS). PREVEL IS INCLINED TO TAKE RECENT MINISTERIAL  
DECLARATIONS ABOUT IMPORT RESTRICTIONS WITH A GRAIN  
OF SALT. HE REPEATED POINTS MADE BY ACHARD, BUT PUT  
MORE STRESS ON THE POLICY OF PERSUASION AND APPEALS  
TO PATRIOTISM. HE IS CONVINCED NO NEW IMPORT  
RESTRICTIONS ARE IN THE WORKS AND CONFIRMED HE WAS  
WORKING ON THE GOF POSITION FOR MULTIFIBER AGREEMENT.  
HE SAID GOF WOULD SUPPORT ADOPTION OF THE VEGOIL TAX  
AT EC AG MINISTERS COUNCIL, BUT HE PREDICTED NO

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DECISION WOULD BE TAKEN. RE PHOSPHATE FERTILIZER IMPORTS, HE BELIEVED ROSSI WOULD DECIDE TO EXTEND THE PRESENT ADMINISTRATIVE VISA SYSTEM FOR THREE MONTHS FROM JANUARY 1.

COMMENT: EMBASSY BELIEVES GOF WILL TRY TO HOLD THE LINE AGAINST IMPORT RESTRICTIONS, DESPITE MINISTERIAL PRONOUNCEMENTS WHICH SOUND THREATENING. WE ALSO THINK THE GOF WILL ATTEMPT TO INFLUENCE IMPORTS THROUGH APPEALS TO "BUY FRENCH" WITHOUT ISSUING NEW REGULATIONS. THIS IS A THEME BEING PLAYED BY TRADE MINISTER ROSSI. IN THE PRESENT CONTEXT, THE PSYCHOLOGICAL IMPORTANCE FOR FRANCE OF AN ACTIVE MTN HAS INCREASED.  
RUSH

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## Message Attributes

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**To:** SECSTATE WASHDC ALL EC CAPITALS 0267 EC BRUSSELS GENEVA MTN GENEVA TOKYO ALL EC CAPITALS 0266  
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